



Irish Life Weekly Investment Bulletin

The week that was – WEEK 01 2018 (ending 05/01/2018)

“Man is so made that when anything fires his soul, impossibilities vanish.” - Jean de La Fontaine

Irish retail sales increased by 2.6% in November – The latest retail sales report published by the CSO shows that retail sales volumes increased by 2.6% in November (electrical goods were best, rising by 14.5%) compared with October and there was an annual increase of 6.8% when compared with Nov 2016.

Irish and euro area manufacturing PMI reach record highs – IHS Markit reported that Eurozone and Irish manufacturing sector activity grew the most since the survey began in mid-1997. The Eurozone Purchasing Managers' Index was 60.6 in December, with survey record highs recorded in Ireland, Austria and Germany.

Global stock market up 2.6% in first week of 2018 – The MSCI AC World TR Index showed a 2.55% rise from 1st January to 5th January as it continued its momentum from 2017 with the Dow Jones and FTSE 100 closing at all-time highs during the week. Volatility, as measured by the VIX, finished the week at 9.22.

Eurozone inflation falls to 1.4% in December – Eurostat reported the euro-area inflation rate had slowed to 1.4% in December from 1.5% in November, well below the European Central Bank's target of close to 2%. This reduces expectations that the ECB will wind down quantitative easing stimulus earlier than expected.

U.S. jobs report for December disappoints – The Labor Department's nonfarm payrolls report for December showed 148,000 new jobs were added compared to expectations for 190,000. Some economic commentators feel a slowdown in job gains is to be expected as the U.S. economy moves towards full employment.

Europe's MiFID II regulatory reform rollout reasonably smooth – The largest regulatory reform to impact the European financial services industry in more than a decade - MiFID II - is estimated to have cost €2.5 billion to implement so far. Its launch in the first week of the year has been said to have gone relatively well.

The Story of the week: It is often called Scotland's national drink, so it probably comes as no surprise that attempts to change the ingredients of Irn-Bru have prompted outrage from loyal customers. Nearly 40,000 people have signed a "Hands off our Irn-Bru" petition objecting to an imminent reduction to its sugar content, and some consumers are reportedly stockpiling the original version. The decision, linked to a government tax on sugar to be introduced in April and a consumer shift to low sugar products, will reduce the number of calories by over half in the famous drink.

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Index Performances and Market Data*

Equity and Bond Markets % (in Local Currency)	2013	2014	2015	2016	2017	2018 YTD (to 05/01)
MSCI AC World (Gross TR)	26.2	9.9	1.8	9.7	20.4	2.6
ISEQ Overall Return	35.8	16.8	33.6	-2.7	9.7	1.1
FTSE 100 TR	18.7	0.7	-1.3	19.1	11.8	0.4
Euro Stoxx 50 TR	21.5	4.0	6.4	3.7	9.2	3.0
S&P 500 TR	32.4	13.7	1.4	12.0	21.8	2.6
Nasdaq Composite	38.3	13.4	5.7	7.5	28.2	3.4
Nikkei 225	56.7	7.1	9.1	0.4	19.1	4.2
MSCI Emerging Markets	0.9	2.6	-8.0	7.1	27.8	3.1
Eurozone Government Bonds 1–5 yr	2.1	3.4	1.0	0.9	-0.2	0.1
Sovereign 10yr Bond Yields (%)	2013	2014	2015	2016	2017	2018 YTD
U.S.	3.0	2.2	2.2	2.4	2.4	2.5
German	1.9	0.5	0.6	0.2	0.4	0.4
UK	3.0	1.9	1.9	1.2	1.2	1.2
Japan	0.7	0.3	0.2	0.0	0.0	0.1
Ireland	3.4	1.3	1.1	0.7	0.7	0.6
Italy	4.1	2.1	1.6	1.8	2.0	2.0
Greece	8.2	9.6	7.9	7.1	4.1	3.8
Portugal	6.1	2.7	2.5	3.8	1.9	1.9
Spain	4.1	1.6	1.7	1.4	1.6	1.5
Central Bank Rates (%)	2013	2014	2015	2016	2017	2018 YTD
ECB	0.25	0.05	0.05	0.0	0.0	0.0
Bank of England	0.25	0.50	0.50	0.25	0.50	0.50
U.S. Federal Reserve	0.25	0.25	0.50	0.75	1.50	1.50
Foreign Exchange Rates	2013	2014	2015	2016	2017	2018 YTD
Euro/Dollar (€/\$)	1.37	1.21	1.09	1.04	1.20	1.20
Euro/Sterling (€/£)	0.83	0.78	0.75	0.84	0.89	0.88
Sterling/Dollar (£/\$)	1.65	1.56	1.46	1.24	1.36	1.35
IPD All Property Return % (in Local Currency)	2012	2013	2014	2015	2016	2017
Ireland	3.1	12.7	40.1	25.0	12.8	6.9% (to end of Q3)
U.K.	2.7	10.7	17.8	13.1	3.6	7.1% (to end of Q3)
U.S.	5.3	11.4	11.2	12.1	7.8	5.0% (to end of Q3)

*Past performance is not a reliable guide to future performance